

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
MARCH 21, 2000  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on March 21, 2000 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: Gregory C. Jones, Chairman; and Members, Joseph A. Lamendella, Stuart P. Levine, Sterling M. Ryder and Staci M. Yandle.

Also in attendance were: Administrator Sergio E. Acosta, Special Counsel to the Board Robert F. Casey, Chief Legal Counsel Mareile Cusack was present telephonically, Deputy Administrators Joseph Haughey, Allan McDonald, Thomas Swoik and James W. Wagner, Deputy Chief Legal Counsel Jeannette Tamayo, other members of the staff and one member of the public.

Chairman Jones called the meeting to order at 9:40 a.m. in the 3<sup>rd</sup> floor conference room. Member Lamendella moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending Litigation and Matters Involving Probable Litigation**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Yandle seconded the motion. The Board adopted the motion by unanimous consent. The member of the public was asked to leave prior to Closed Session discussion.

The Board convened in Open Session at 2:16 p.m.

Minutes

Member Lamendella moved that **the Board approve the minutes from the open sessions of the December 16, 1999, January 19, 2000 and February 22, 2000 regular meetings**. Member Levine seconded the motion. The Board adopted the motion by unanimous consent.

### Chairman's Report

Chairman Jones announced that the Special meeting on compulsive gambling problems is scheduled for Wednesday May 3, 2000. He stated that the meeting would be held in the auditorium at the James R. Thompson Center. He announced that a copy of the proposed agenda for the special meeting will be available on the web site (IGB.State.II.US) and the agenda will be available May 1, 2000. Chairman Jones stated that the following issues would be discussed at the meeting:

- The definition of the problem gambler;
- The scope of the problem (demographic problem gamblers);
- The effect of problem gambling on families and communities;
- Bankruptcies, divorces and criminal activities;
- Alcohol, substance abuse, access to money (ATM, loans, credit cards, casino credits);
- Hours of operation of the gaming industry;
- Marketing and promotional materials;
- Role of regulatory agency, industry efforts, public awareness and education ; and
- Treatment and resources sufficient for problem gambling.

Chairman Jones stated that the Adopted Rules have been updated to include the rulemaking for the last two years and historical source notes for each rule. Chairman Jones thanked the staff for its hard work in getting the rules updated. He stated that anyone in need of an updated copy of the rules should contact staff. The Chairman discussed the new rulemaking procedures.

Chairman Jones announced the resignation of Susan Weber from her position as Secretary to the Board and Administrative Assistant. On behalf of the Gaming Board, Chairman Jones presented Susan with a gift. Susan thanked the Board and stated that it has been a joy working for the Gaming Board.

Chairman Jones asked if any other Board members would like to make comments. Member Yandle reiterated how much Susan will be missed, and spoke of her pleasant experiences with Susan since she became a Board member.

### Administrator's Report

Sergio thanked Susan for her assistance since he became Administrator. He stated that she has been a great help and that she has done a great job.

The Administrator thanked everyone who has expressed an interest in the special meeting in May. He stated that staff is still putting together speakers and panelists for the meeting, and that he is very open to anyone who has any suggestions.

### Board Policy Items

#### RECEIVERSHIP RULE

Chairman Jones stated that usually Mareile Cusack handles rulemaking but that because she is on vacation, Deputy Chief Counsel Jeannette Tamayo is here in her place.

Ms. Tamayo stated that last month the Administrator and Chief Legal Counsel appeared before the board and requested that the Board consider adopting a rule concerning the receivership of various casino establishments. Ms. Tamayo stated that the rule was circulated for draft comment and only one comment was received from the public which questioned the Board's authority to issue such a rule. Ms. Tamayo asked the board to give the staff authorization to file the rule for First Notice with the Secretary of State. She also noted that the formal comment period will be opened under the First Notice comment period and the Joint Committee on Administrative Rules will consider whether the lack of specific authority for receivership under the Act will impede the adoption of a receivership rule.

Member Yandle moved that **the Board authorize staff to submit proposed Rule 3000.238 for First Notice filing with the Secretary of State.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

#### HOURS OF ALCOHOL SALES RULE

Ms. Tamayo stated that this rule was also circulated as a draft rule. During last month's meeting the Board requested that the public comment on the proposed hours for the sale of alcohol on riverboats. The board received several comments from the public. Although numerous comments were received, none addressed the hours that a casino establishment should be permitted to sell alcohol. She said that this issue would be a subject at the upcoming special meeting. The staff requested that the Board adopt and authorize the staff to file the rule for First Notice with the Secretary of State. The public comment period will extend beyond the May 3<sup>rd</sup> special meeting so that any information provided can be included in the submission to the Joint Committee on Administrative rules prior to the filing of second notice.

Member Levine moved that **the Board authorize staff to submit proposed Rule 3000.930 for First Notice Filing with the Secretary of State, provided that the Public Comment period extends beyond May 3, 2000, the date of the Special Session on Problem Gambling issues.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

#### RECORDS RETENTION RULE

Ms. Tamayo stated that since the beginning of gaming in Illinois the owner licensees have been required to maintain certain types of documentation for differing periods of time. Ms. Tamayo noted that it is costing the licensees a certain sum of money to maintain the documents in storage. The Board has no useful purpose for some of the retained documents. The staff proposed that the Board adopt a records retention policy that

identifies which documents must be retained. The staff recommended that some documents be retained permanently such as ownership documents, some documents be retained for five years and some for three years unless State or Federal law provides for a longer retention period. Ms. Tamayo stated that the proposal is to permit and authorize the Administrator to issue a records retention schedule and to modify it periodically. It was recommended that the Board authorize staff to publish the draft rule on the web and distribute it to the owner licensees and individuals on the mailing list for public discussion. Ms. Tamayo requested that after the draft rule has been reviewed by the public, if there are no disagreements with the rule, that the Board authorize staff to file a First Notice with the Secretary of State.

Member Ryder moved that **the Board direct staff to circulate Draft Rules 3000.115, 3000.1000 and 3000.1010 for public comment prior to filing the rule for First Notice with the Secretary of State.**

**Further, I move that the Board authorize staff to file the rules for First Notice with the Secretary of State if no material comments are received.** Member Yandle seconded the motion. The Board approved the motion unanimously by voice vote.

#### Public Commentary

Charles F. Dobbelaire, Mayor of East Peoria, first complimented the Gaming Board for their excellent job. He stated that the city of East Peoria supports the license renewal for Par-A-Dice Riverboat casino. He stated that Par-A-Dice helps the economy in many ways and provides more than one thousand jobs for residents in the area. Mr. Dobbelaire stated that East Peoria's portion of gaming tax revenue is used in a variety of ways to benefit the residents. East Peoria is one of the cities that share funds with schools and park districts and the Mayor is very pleased with that. The Mayor stated that Par-A-Dice personnel have become involved in the community. He noted a recent occasion where Par-A-Dice officials gave their assistance when two resident's homes were badly damaged in a gas explosion. According to Mr. Dobbelaire, Par-A-Dice has been a good corporate neighbor and he is looking forward to future economic developments.

Peter Bensinger, standing in for Seth Eisenberg of the Illinois Council on Problem Gambling, reported that the helpline number (800) 522-4700 will be answered by Bensinger, DuPont & Associates. Mr. Bensinger also recognized Susan Weber for her assistance over the years.

Pamela Bick, former Harrah's Casino employee, reported that she is pleased that some of the issues she has had with the Gaming Board have been handled. Her concerns were about the service of alcohol. She is satisfied with the proposed cut off hours. She would like to see all casinos have a cut off policy for alcohol services. Ms. Bick also spoke about casino IGB

relations. She stated that she feels that the code of conduct set forth in Harrah's Policy Procedure handbook should be upheld for everyone, including IGB employees.

Chairman Jones suggested that Ms. Bick provide the Administrator with any documentation that she may have. He stated that the Board will look into any matters that are within the Board's regulatory authority to address.

#### Monthly Performance Report

Deputy Administrator Swoik summarized the monthly statistical reports for February AGR and patron counts. He reported that the February AGR was \$137.2 million bringing the total AGR since dockside gambling began, in June, to over \$1.25 billion. The Admissions total for February was over 1.6 million -- 50 percent above February 1999. Mr. Swoik stated that the states share of taxes for the last 12 months was up by approximately \$81 million or 31.6 percent over the prior 12 months. The local share was up by \$13 million or 16 percent.

Member Ryder asked if there was a way to compare the return on investment and return on equity in Illinois boats with other states. Deputy Administrator Swoik said that he was sure there was a way and that he would look into it.

#### Owner Licensee Items

EMERALD CASINO, INC. – Mike Ficaro, representing Emerald, stated that in response to the Board's resolution, the Board of Directors of Emerald Casino met and a decision to cease construction was made. Construction on Emerald Casino was halted on March 8, 2000. Construction equipment has been removed from the site and the site is safe and secure.

Administrator Acosta asked several questions to make sure that he, as well as the Board, fully understood Mr. Ficaro's statement about Emerald ceasing construction on its barge and pavilion facilities. Following up on Mr. Ficaro's response to the Board's resolution, Mr. Acosta and Mr. Ficaro discussed the news article that quoted previous Chairman Robert Vickrey and Chief Legal Counsel Mareile Cusack. Mr. Acosta and Mr. Ficaro also discussed Section 3000.140 of the Board's Rules. Mr. Acosta and Mr. Ficaro discussed a meeting which took place in Mr. Acosta's office on March 9<sup>th</sup>. Special Counsel to the Board, Robert Casey was in attendance as well as Mr. Hanley and Mr. McQuaid from Emerald. The meeting including a discussion whether the Act and Gaming Board Rules imposed requirements for an owner licensee to obtain advance Board approval prior to any construction work. Mr. Ficaro acknowledged that at no time during that meeting did the Administrator or Special Counsel Robert Casey indicate that they believed that the Board's Rules imposed no such requirements. Mr. Ficaro apologized for any confusion caused by his written submission to the Board.

PAR-A-DICE GAMING COMPANY ("PGC") – Donna B. More and Don Snyder, representing PGC, requested renewal of its owner's license. Mr. Snyder, President of Boyd Gaming Corporation, was unable to attend February's Board meeting so he took the opportunity to introduce himself and share his work history with the Board. Member Ryder

commended Par-A-Dice for their equal opportunity and minority employment record. Mr. Jones expressed his concerns on the MGM acquisition of Mirage and the effects it may have on financing Boyd's joint venture with Mirage in Atlantic City – The Borgata Casino. Mr. Snyder stated that the project could possibly be expanded but negotiations are still taking place. Mr. Snyder stated that financing as well is structured for the 750 million dollar project, it is provided for by their bank credit facilities. Member Ryder stated that his issues are that some of the cash flow to service the debt for the Atlantic City development is coming from the profits derived from Par-A-Dice Gaming operations in Illinois.

Member Yandle moved that **the Board approve the renewal of the owner's license of Par-A-Dice Gaming Company ("PGC") for a period of 4 years expiring 2004.**

**Further, I move that the following persons and entities be formally designated as Key Persons of the licensee:**

- **The officers and members of the Board of Directors of Par-A-Dice;**
- **Boyd Gaming Corporation; and**
- **The Chief Executive Officer, President, Chief Financial Officer, and Chief Operating Officer of Boyd Gaming Corporation.**

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

HOLLYWOOD CASINO AURORA ("HCA") – Patt Medchill, representing HCA, gave an update on the Permanently/Moored Barge Project. Mr. Medchill indicated that it is Hollywood's intention to come back to the Board and staff once they are approved for their engineer's permit to go over the project and then, in April, appear before the Board for final approval. Mr. Medchill displayed Hollywood's current configuration for their boats and the Barge Project and explained in detail future plans for the project. Administrator Acosta and member Ryder asked questions on the phases of the project.

HARRAH'S CASINO JOLIET ("Harrah's)/PLAYERS – John Janicik, representing Harrah's, requested final approval of the proposed merger between Harrah's and Players. Mr. Janicik expressed concern over Act 91-140 being invalidated. Harrah's intends to sell the property if that is the case. Mr. Janicik shared procedures that would take place if in fact Harrah's has to sell the property. Mr. Janicik stated that they would try to transfer stock of SIRCC into a trust for a one year period which would be administered by LaSalle Bank National Association. During that time, there will be an attempt to sell the property to then bring the overall structure in compliance with the law. At the end of the one year period, if

there are no changes in the law, the shares will go back to the Harrah's family, however, the license will be forwarded to the state as well as the profits earned. A Transfer of Ownership Agreement, as well as a Trust Agreement have been prepared to enable Harrah's to get things accomplished and to address the concerns of the Board. There will be a Management Contract to preserve the operations and the jobs at the site.

Mr. Janicik also took a brief moment to thank Board members for taking the time to review documents over the course of the last month.

Deputy Chief Counsel Jeannette Tamayo requested that the Board consider adopting a proposed resolution attached as Exhibit A.

Member Levine moved that **the Board adopt the Resolution offered by staff.**

**In conjunction with the Board's resolution approving the merger, I also move that the following individuals be designated key persons of SIRCC:**

- **Harrah's Entertainment, Inc.**
- **Harrah's Operating Company, Inc.**
- **President of SIRCC**
- **Vice President and General Manager of SIRCC**

**Moreover, I move that the Board authorize the Administrator to execute the Transfer of Ownership Agreement on behalf of the Board.**

Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman Jones thanked and complimented everyone associated with the Harrah's/Players merger for their month of efforts.

#### Supplier Licensee Items

SILICON GAMING – Donna B. More, representing Silicon Gaming, requested renewal of its supplier's licenses.

Administrator Acosta indicated that the Board has the staff report and recommended that the Board renew the license of Silicon Gaming under certain conditions.

Member Yandle moved that **the Board approve Silicon Gaming Inc.'s application for renewal of its Supplier's License and issue a one-year restricted license expiring March, 2001.**

**In renewing the license the Board orders the following:**

**During the period of restriction, Silicon Gaming, Inc. must provide the Illinois Gaming Board, from time to time, as directed by the Administrator, copies of materials pertinent to its financial status, including regular submissions of financial reports, proposed financing and other financial information.**

Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

#### Occupational Licensees

Member Ryder moved that **the Board approve 94 applications for an Occupational License, Level 2, and 323 applications for an Occupational License, Level 3. Further, the Board directs staff to contact the 5 pending applicants for occupational licenses to notify the applicants that staff has recommended that the Board deny their applications for occupational licenses Levels 2 & 3 and provide the applicants an opportunity to respond.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

#### Administrative Hearings/ALJ Reports

Member Lamendella moved that **the Board adopt the consent agreement offered by Vincent Stovall and amend disciplinary complaint number DC-99-5 to reduce the recommended period of suspension from 30 days to two weeks.** Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

#### Disciplinary Complaints

CASINO QUEEN – Bill Roberts, representing Casino Queen, admitted that mistakes had been made over the past year. Mr. Roberts feels that the mistakes are human error. He stated that Casino Queen apologizes. According to Mr. Roberts, Casino Queen accepts full responsibility for the mistakes that took place. He stressed that Casino Queen does not want minors on the boat. Mr. Roberts stated that Casino Queen has asked the city to consider a tougher penalty for underage children and gambling. Mr. Roberts shared the numerous systematic changes that have been brought about by Casino Queen to avoid future instances of underage patronage.

Member Ryder stressed that human error is not a good explanation. He stated it is an issue that needs management's attention, not only for Casino Queen but all of the boats who have had problems with underage patronage.



Mr. Roberts agreed with Member Ryder. He stated that Casino Queen has added 6 new security officers since dockside. Mr. Roberts stated that he believes management is doing everything they can to avoid human error.

At 4:02 p.m. Member Yandle moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

Member Lamendella seconded the motion. The Board adopted the motion by unanimous consent.

The Board resumed in open session at 5:22 p.m.

#### Disciplinary Complaints (Continued)

Chairman Jones stated that there has been considerable discussion over what was presented and the written documents.

Member Levine stated that the Board takes the issue of underage gambling very seriously. He stated that it would not be tolerated. He stated that the only way underage gambling would be eliminated is if at the very top of the corporation there is involvement in developing a personnel and security policy that can assure detection of minors. Member Levine stated that there has been some effort on Casino Queen's part but it hasn't been enough.

Member Levine moved that **the Board issue a disciplinary complaint against Casino Queen and fine them in the amount of \$125,000. The complaint pertains to several incidents wherein underage patrons were permitted to enter the riverboat.** Member Ryder seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman Jones stated that he appreciates the steps being taken by Casino Queen to correct the problem. Chairman Jones said that the concern among the Board was that maybe management at an early enough time was not treating the issue as seriously as the Board thinks it should have been treated. To some extent, the disciplinary complaint would be sending a message that all levels of casino management should be addressing the issue. Chairman Jones stated that the Board understands that there will be human error, but the Board is asking that if management see a trend or changes, it should be addressed.

There being no further business to come before the Board, Member Yandle moved **that the Board stand adjourned.** Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 5:28 p.m.

Respectfully submitted,

Monica Thomas  
Secretary to the Board

## EXHIBIT A

### HARRAH'S/PLAYERS MERGER

Deputy Chief Counsel Jeannette Tamayo requested that the Board consider adopting the following resolution:

**Whereas**, Harrah's Entertainment, Inc. (Harrah's) and Players International, Inc. (Players) have entered into a Plan of Merger Agreement, pursuant to which Southern Illinois River/Casino Cruises, Inc. (SIRCC) will, through Players, become indirectly, a wholly-owned subsidiary of Harrah's; and

**Whereas**, Harrah's, through its subsidiaries, is the holder of an eighty percent (80%) ownership interest in the Des Plaines Development limited Partnership; and

**Whereas**, following the merger, Harrah's, through its subsidiaries, will own two ownership interests under the Riverboat Gambling Act, 230ILCS10, (the "Act"); and

**Whereas**, Public Act 91-40 deleted Section 7(a)(7) of the Act, which previously provided that; "[a] person, firm or corporation is ineligible to receive an owner's license if ... the person, firm or corporation owns more than a 10% ownership interest in an entity holding an owner's license issued under [the] act"; and

**Whereas**, due to a lawsuit challenging the constitutionality of Public Act 91-40, which became effective June 25, 1999, there is a possibility that Public Act 91-40 and/or any single provision contained therein may be found to be invalid, and that Section 7 (a) (7) of the Act, as it existed, may be reinstated; and

**Whereas**, the Board has received an agreement, executed by Harrah's providing that in the event Section 7(a)(7) of the Act is reinstated, Harrah's shall, within one day of such determination, transfer its ownership interest in SIRCC to a trust; and

**Whereas**, the Board has also received an agreement executed by LaSalle National Bank Association, wherein the LaSalle agrees to hold the ownership interest in SIRCC in the event Section 7 (a) (7) of the Act is reinstated; and

**Whereas**, the Board has agreed that, if Section 7 (a) (7) of the Act is reinstated into law and Harrah's transfers its ownership interest in SIRCC to a trustee, Harrah's Illinois may function as a manager of SIRCC under the terms of Management Contract, attached to the Transfer of Ownership Agreement;

**NOW THEREFORE be it resolved** on this date that the Board adopts this resolution for the purpose of approving the Trust Agreement and Transfer of Ownership Agreement by and between Harrah's, LaSalle and this Board.

**Be it further resolved** that the Board adopts the Management Agreement, as an Exhibit to the Transfer of Ownership Agreement, to be executed pursuant to its terms.

**Be it further resolved** that the Board approves the transfer of ownership of SIRCC as set forth under the Agreement and Plan of Merger agreement between Harrah's and Players.

**Further, be it resolved** that, in the event Section 7 (a) (7) of the Act is reinstated and Harrah's transfers its ownership interest in SIRCC to a trust as set forth under the Trust Agreement, executed as of this date, the Board, pursuant to Board rule 3000.260, waives application of the definition of Supplier under Board rule 3000.100 for the purpose of permitting Harrah's to operate as the manager of SIRCC, pursuant to the Management Contract, provided, however, that Harrah's Illinois maintains the eligibility and suitability requirements of an Owner as set forth under Section 7 of the Act, exclusive of Section 7 (a) (7);